



U.S. Department of Housing and Urban Development  
Public and Indian Housing

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Special Attention of:

**Notice: PIH 98-36 (ONAP)**

ONAP Administrators;  
Tribes; and Tribally  
Designated Housing  
Entities

Issued: June 26, 1998  
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Cross Reference: 24 CFR Part 1000

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Subject: Line of Credit Control System/Voice Response  
System (LOCCS/VRS) for the Indian Housing Block  
Grant Program

1. **Purpose:** This Notice provides specific guidance on the use of the Line of Credit Control System (LOCCS) and the Voice Response System (VRS) for the Indian Housing Block Grant (IHBG) program. The Notice includes guidance for both the grant recipient and staff from the Office of Native American Programs (ONAP).
2. **Background:** The IHBG program is authorized by the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) and the regulations governing the program that are found at 24 CFR Part 1000. These regulations became effective on April 13, 1998, and fiscal year (FY) 1998 is the initial year for the IHBG program. This Notice provides program specific guidance for the IHBG program area created in LOCCS. More general, or non-program specific guidance is still provided by the LOCCS User Guide.
3. **Overview:** LOCCS is an automated payment system used by HUD to provide grant recipients with a convenient system of requesting funds. The system allows for timely disbursements and accountability of funds. LOCCS provides ONAP with a method of establishing payment thresholds and reviewing the history of payments to the grant recipient. The grant recipient uses the VRS to requisition grant funds as needed via a touch-tone telephone.

#### 4. Program Guidance:

- a. **Program Area:** Each program within LOCCS has a three or four-character LOCCS program area identifier code. The LOCCS program area code for the Indian Housing Block Grant program is **IHBG**. Grant recipients will use this code in block 2 of the LOCCS/VRS Indian Housing Block Grant Payment Voucher, form HUD-50080-IHBG (Attachment 1). ONAP staff will use this code at the initial sign-on screen in LOCCS for access to the IHBG program area.
- b. **VRS Number:** Each grant established in LOCCS is automatically assigned a unique all-numeric 10-digit number. This number is used by the grant recipient in the VRS to specify which grant is being accessed. The LOCCS VRS number format is **BBBBB-NNSSS**, where:

<b>BBBBB</b>	represents a base number assigned by LOCCS to the recipient.
<b>NN</b>	is a numeric code assigned by LOCCS to the program area. The numeric code for the IHBG program area is <b>79</b> .
<b>SSS</b>	is a sequential number beginning with 001 representing the number of grants assigned to the recipient within the program area.

The VRS number is generated by LOCCS after the Area ONAP staff spreads the grant funds to one or more Budget Line Items (BLI). LOCCS automatically generates a letter to the grant recipient notifying them of the assigned VRS number.

- c. **Establishing a Grant in LOCCS:** To establish a grant in LOCCS, the Funding Approval/Agreement, form HUD-52734-B, (Attachment 2) must be submitted to the Field Accounting Division (FAD) by the Area ONAP (See NOTE below). The FAD will enter the fund obligation amount from the HUD-52734-B into the Program Accounting System (PAS). LOCCS will automatically retrieve this information from PAS. For a detailed listing of the various actions which must take place before a grant is established in LOCCS, please refer to pages 2-3 and 2-4 of the LOCCS User Guide dated October 1996. NAHASDA Guidances 98-7 (Tribe/TDHE) and

98-3A (ONAP) also provides additional details on the various forms required for an IHBG grant.

If the grant recipient is a tribally designated housing entity (TDHE) and the TDHE submits an Indian Housing Plan (IHP) for each tribe it serves, a HUD-52734-B should be executed for each tribe. If the TDHE submits one IHP for all the tribes it serves, a single HUD-52734-B should be executed with an addendum identifying the tribes and amounts included in the HUD-52734-B. In this case, ONAP will use the representative tribe (in agreement with the representative tribe for the IHP in the Lotus Notes system) to determine the grant number for block 5 of the HUD-52734-B. If the TDHE submits one IHP, but provides separate tables within the IHP for each tribe it serves, the Area ONAP should contact the TDHE to verify whether a single or multiple HUD-52734-B's should be executed.

NOTE: HUD is in the process of reorganizing the Accounting Division. Area ONAPs will be notified when the address to forward accounting documents changes from the FAD to the Fort Worth Accounting Center.

- d. **Budget Line Items:** Disbursements from IHBG grants will be directed against specific funding activities called Budget Line Items (BLIs). The BLIs for IHBG grants are specific to this program and have unique four-digit numbers associated with each BLI as follows:

Line Item #	Line Item Activity
1600	<b>Current Assisted Stock (CAS)</b> <b>Operating Subsidy</b> - In accordance with 24 CFR 1000.58(f), the operating subsidy element of the Formula Current Assisted Housing Stock (FCAS) component of the formula is subtracted from the IHBG annual grant to allow for calculation of the allowable funds for investment. This BLI identifies the amount of operating subsidy from the FCAS for each grant recipient as identified in the formula listing; however, disbursements from this BLI may be

used by the grant recipient for operating subsidy purposes or for any other eligible affordable housing activity.

**1601 Investments** - In accordance with 24 CFR 1000.58(b) and 1000.58(f), a grant recipient that demonstrates to HUD the capacity to invest IHBG funds (A Notice providing guidance on this topic will be issued as soon as possible) may invest a portion of its IHBG annual grant. Because the regulations established a two-year limitation on the term of the investments, this BLI will be used to monitor the timing of investment activity as discussed in item f. below. This BLI is used to record the maximum amount of funds from the grant which may be invested. However, disbursements from this BLI may be used by the grant recipient for investment purposes or for any eligible affordable housing activity.

**1602 IHBG Balance** - This BLI will reflect the balance of the grant funds (annual grant amount minus FCAS Operating Subsidy and Investments). Funds disbursed from this BLI may be used for any eligible affordable housing activity.

**9900 Post Audit Adjustment** - This is a "Protected", "Undisbursable" BLI used to record any funds which might be recaptured when the grant is "Closed Out" in LOCCS. For additional information on "Protected", "Undisbursable" BLIs refer to page 2-8 in the LOCCS User Guide dated October 1996. The "Close Out" of IHBG grants in LOCCS is discussed in item g. below.

While environmental review requirements apply to certain IHBG activities, due to the nature of the IHBG program and the range of activities which can be performed under the IHBG, ONAP will not control the release of funds in LOCCS. It

is the grant recipient's responsibility to ensure that prior to obligating funds and/or requesting funds from LOCCS, all environmental review requirements have been met in accordance with 24 Parts 50 or 58. **Any funds obligated and/or disbursed by a grant recipient prior to the completion of required environmental review activities are ineligible costs and must be repaid by the grant recipient.**

e. **Grant Thresholds and Edits**

- i) **BLI Edits** - The three BLIs specific to the IHBG program (1600, 1601, and 1602) have been established with a "hard" edit which limits the amount of funds a grant recipient may drawdown from that BLI to no more than 100% of the BLI. The VRS will not accept a voucher request that causes the disbursements from that BLI to exceed the amount budgeted. Because of the nature of the IHBG program and its BLIs, once a "hard" edit is reached on either BLI 1600, CAS Operating Subsidy, or BLI 1602, IHBG Balance, the grant recipient may drawdown funds from the other BLI until both BLI 1600 and 1602 are fully disbursed. However, if the "hard" edit is reached on BLI 1601, Investments, the grant recipient may not draw funds from either of the two other BLIs for investment purposes.

Area ONAP staff are responsible for spreading the IHBG funds to the three BLIs in accordance with 24 CFR 1000.58(f) and formula amounts using the F01 screen in LOCCS. If the grant recipient does not qualify to invest funds (based upon a Notice which will be issued as soon as possible) or the procedures to qualify to invest funds have not yet been established, then **no funds** should be spread to BLI 1601. Instead all funds would be spread in accordance with the proceeding instructions to BLIs 1600 and 1602.

- ii) **Monthly Thresholds** - The IHBG program in LOCCS has a monthly threshold of 10 percent. If a grant recipient's voucher request in VRS would cause drawdowns in that month to exceed 10 percent of the full grant amount, the

voucher request will be sent to the Area ONAP for review and approval. VRS will notify the caller if an Area ONAP review is required before a payment can be disbursed. The grant recipient should notify the Area ONAP after the voucher has been entered into VRS so that the approval can be expedited. In some cases the Area ONAP may request supporting documentation in order to approve the request. If the voucher request is for BLI 1601, Investments, the Area ONAP will approve such vouchers without requesting supporting documentation after verifying that the grant recipient has established capacity to invest funds in accordance with 24 CFR 1000.58(b). Because of the anticipated size of drawdowns from BLI 1601, Investments, any voucher request which follows a disbursement of investment funds within the month will most likely be sent for review because of the 10 percent threshold; therefore, it is suggested that investment drawdowns be requested from VRS toward the end of a month.

The Area ONAP also has the ability to establish a lower, project specific, monthly threshold using the M09 screen. Area ONAPs may only take this action in accordance with 24 CFR 1000.530, 1000.532, or 1000.538.

- f. **Investments** - In accordance with 24 CFR 1000.58(g), investment of IHBG funds may be for a period no longer than two years. Therefore, it is the responsibility of the Area ONAP to monitor disbursements from BLI 1601, Investments, and verify that within two years of disbursement, the funds have been expended for affordable housing activities under section 202 of NAHASDA. It is anticipated that by year 2000 LOCCS will be able to assist the Area ONAP in tracking investment funds which have reached two years from disbursement.
- g. **Control Dates** - The IHBG program area in LOCCS has only one control date which is maintained by the Area ONAP, the Close Out Date. The Area ONAP will use the A01 screen to record the date when it has been verified that all funds from the grant have been audited and any questioned costs have been resolved. A grant should **NOT** be closed out if

funds disbursed for investment have not subsequently been spent for affordable housing activities under section 202 of NAHASDA. Entry of the Close Out date will automatically stop any further disbursements and all LOCCS reporting requirements. Any funds remaining in the grant will be recaptured by HUD. (It is not anticipated that a project will be closed out before all funds are disbursed; however, exceptions may occur which will require the recapture of funds. This will probably occur when pennies remain in a grant but must be accounted for to comply with HUD accounting procedures.) Recaptured funds will be reflected on BLI 9900, Post Audit Adjustment.

**h. Reporting Requirements**

- i) **Federal Cash Transaction Report, SF-272** - In accordance with 24 CFR 85.41, the SF-272 (Attachment 3) must be submitted to the Area ONAP within 30 calendar days of the end of each quarter (i.e., April 30<sup>th</sup>, July 30<sup>th</sup>, October 30<sup>th</sup>, and January 30<sup>th</sup>). LOCCS will automatically generate a letter for each grant without a Close Out date 15 days prior to the end of each quarter, to remind the grant recipient of the requirement to submit the SF-272 (For more information on this requirement see NAHASDA Guidance 98-4 (Tribe/TDHE)). The Area ONAP is responsible for entering into LOCCS the receipt date of the form using the M10 screen. If the Area ONAP does not receive the SF-272 by the due date, LOCCS will automatically notify the grant recipient that the report is overdue. ONAP may proceed with actions in accordance with 24 CFR 1000 Subpart F to address this deficiency.
- ii) **FY 1998 Annual Performance Report** - In accordance with 24 CFR 1000.512, 514, and 516, the Annual Performance Report must be submitted to the Area ONAP within 60 calendar days of the end of the grant recipient's program year. In federal fiscal year (FFY) 1998, the end of the program year for all grant recipients is September 30, 1998. Subsequently, the end of the program year will depend upon the grant recipient's fiscal year. Due to system limitations, LOCCS will

only perform the following functions for FFY 1998. LOCCS will automatically generate a letter for each grant without a Close Out date on September 15, 1998, to remind the grant recipient of the requirement to submit the Annual Performance Report. The Area ONAP is responsible for entering into LOCCS the receipt date of the report. If the Area ONAP does not receive the Annual Performance Report by the due date, LOCCS will automatically notify the grant recipient that the report is overdue. ONAP may proceed with actions in accordance with 24 CFR 1000 Subpart F to address this deficiency.

- iii) **Annual Performance Report, FY 1999 and Forward** - In accordance with 24 CFR 1000.516, Annual Performance Reports for all program years except for FFY 1998 must be submitted to the Area ONAP within 60 calendar days of the end of the grant recipient's fiscal year. Because LOCCS cannot perform the following functions automatically, the Area ONAPs are responsible for notifying the grant recipient 15 days prior to the end of the grant recipient's fiscal year of the requirement to submit the Annual Performance Report for each grant without a Close Out date. If the Annual Performance Report is not received by the Area ONAP within 60 calendar days of the end of the grant recipient's fiscal year, the Area ONAP will notify the grant recipient that the report is overdue. ONAP may proceed with actions in accordance with 24 CFR 1000 Subpart F to address this deficiency.
- i. **Vouchers** - The grant recipient must prepare a voucher for every payment request made using the VRS. The grant recipient should complete items 2-14 of the LOCCS/VRS Indian Housing Block Grant Payment Voucher, form HUD-50080-IHBG (Attachment 1), prior to placing the call to VRS. During the call the VRS will generate the voucher number to be inserted in item 1. All voucher numbers for the IHBG program area in LOCCS will begin with the number **079** which has been pre-printed on the form HUD-50080-IHBG. For detailed steps and information on the VRS call-in process see pages 4-1 through 4-8 of the LOCCS User Guide dated October 1996. The grant recipient must keep the



original voucher and backup documentation on file to support expenditures. No copies of the voucher are to be sent to HUD unless specifically requested by the Area ONAP.

5. **LOCCS Security:** To gain access to the IHBG program area in LOCCS, all users of either LOCCS or VRS must be authorized for that program area. To obtain authorization, the staff person for the grant recipient must submit a LOCCS VRS Access Authorization, form HUD-27054, (Attachment 4), with the IHBG code in block 5a and Indian Housing Block Grant in block 5b. The form must specify what type of access is required in block 5c (Query Only or Drawdown), based on the activities that staff person will perform within VRS. If the LOCCS VRS Access Authorization form is requesting access for a new user in LOCCS, the form must be notarized. The form should then be sent to the Area ONAP for review. The Area ONAP should retain a copy and forward the original HUD-27054 to the following address instead of the address on the form:

U.S. Department of Housing and Urban Development  
Office of the Chief Financial Officer, FBSM  
Attn: LOCCS Security Team  
P.O. Box 23774  
Washington, DC 20026-3774

ONAP staff must also request authorization for access to the IHBG program area in LOCCS. To do so, ONAP staff must complete the LOCCS Access Authorization Security Form for HUD Staff, form HUD-27054-A. (Attachment 5 - This form is available to ONAP staff on the Local Area Network (LAN) from both Fast Forms Filler and Graphics Form Filler.) Include the IHBG code in block 12 along with the type of access requested (see the form instructions for additional information on the types of access available) and forward the form to the address above.

LOCCS will automatically generate a notification letter when the request for access has been processed. For additional information see pages 3-1 through 3-13 of the LOCCS User Guide dated October 1996.

6. **Banking Information:** If a grant recipient has not previously used LOCCS, the grant recipient should submit to the Area ONAP a Direct Deposit Sign-Up, form

SF-1199A (Attachment 6) and a cancelled check or copy of a cancelled check from the bank account to which the funds are going to be deposited. The Area ONAP will review the form, retain a copy, and then forward the original SF-1199A and cancelled check to:

U.S. Department of Housing and Urban Development  
Office of the Chief Financial Officer, FBSM  
Attn: ACH Team  
P.O. Box 44816  
Washington, DC 20026-4816

This form allows for the automatic deposit of funds requested from LOCCS. The form identifies the grant recipient's Tax Identification Number (TIN), bank name, account number, and the type of account.

Since banking information can be maintained in LOCCS at three different levels (i.e., TIN, Program Area, or Grant), if a grant recipient has previously used LOCCS for other programs, an SF-1199A would be used to establish different banking information specific to either the IHBG program area or to the grant itself. To establish banking information specific to the IHBG program area, specify IHBG in Section 1, block G of the SF-1199A. If a grant recipient wishes to have banking information specific to a project or projects, the project number(s) must be listed in Section 1, block G or on an attachment to the SF-1199A. See the pages 2-1 through 2-5 of LOCCS User Guide dated October 1996 for further information.

NOTE: The banking policy stated in the second paragraph of section 2.1 of the LOCCS User Guide dated October 1996 does not pertain to IHBG. Grant recipients may designate different bank accounts for the deposit of IHBG funds that are received from HUD.

- 7. Additional Guidance:** For program specific guidance, grant recipients should contact their Area ONAP. For detailed, non-program specific LOCCS/VRS guidance please refer to the LOCCS User Guide. To obtain copies of the User Guide, please call (800) 767-7468.

/s/Deborah Vincent, General Deputy A/S

